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## NEWS RELEASE

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# **PSC OKs Settlement in Northern Kentucky Water Rate Case** *District granted two-phase increase as requested*

**FRANKFORT, Ky. (Dec. 20, 2012)** – The Kentucky Public Service Commission (PSC) today accepted a settlement that allows Northern Kentucky Water District to increase annual revenue by a total of 6.77 percent over the next 13 months

Northern Kentucky Water will increase its rates on the first day of 2013 and again on the first day of 2014. Together, the rates adjustments are intended to increase the utility's annual revenue by \$3.32 million, to \$52 million. That is the amount requested by the water district.

In an order issued today, the PSC found that the settlement reached by Northern Kentucky Water and the Kentucky Office of Attorney General produced rates that are fair, just and reasonable, as required under Kentucky law.

The PSC also accepted a provision in the settlement that leaves unchanged Northern Kentucky Water's current practice of billing on a quarterly - rather than monthly - basis, and eliminates a related reporting requirement. The PSC noted that it historically has favored monthly billing because it allows customers to better monitor usage, detect leaks and budget utility costs, thus reducing billing disputes and payment problems.

The PSC said it would revisit the issue in Northern Kentucky Water's next rate case and directed that the utility explain in its next rate application why it should not issue bills on a monthly basis.

The PSC also put the utility on notice that its next rate case will include an examination of the method used to calculate its revenue needs.

Under the settlement, Northern Kentucky Water will increase rates in two phases on Jan. 1, 2013, and Jan. 1, 2014. A residential customer using 6,000 gallons per month would see the quarterly water bill increase from the current \$122.73 to \$126.83 in the first phase and then to \$130.67 after the second phase of the increase.

The first-phase increase of \$4.10 raises the bill by 3.34 percent, and the second increase of \$3.84 is a rise of an additional 3.03 percent. The overall increase is \$7.94, or 6.47 percent above the current amount.

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## **PSC Grants Rate Increase to Northern Kentucky Water – Page 2**

No parties other than Kentucky Office of Attorney General intervened in the case. The PSC received no public comments regarding the proposed increase and therefore conducted no public meeting in the case.

An evidentiary hearing was deemed unnecessary once the settlement was reached.

In its application, Northern Kentucky Water said the increase will go for a variety of capital construction projects, including replacement or upgrades of existing infrastructure and system expansion.

Northern Kentucky Water's last rate increase came in January 2011, when the PSC granted an increase of about 24 percent. That increase gave the district an additional \$8.07 million in annual revenue, which was about \$3.5 million less than the district could have justified in its request, the PSC said. It was used to pay for new water meters, water main extensions or replacements and replacement of obsolete water treatment facilities.

The previous increase also was implemented in two phases. The quarterly bill for a 6,000 gallon-per-month residential customer increased a total of \$24.11.

Northern Kentucky's last rate increase prior to 2011 took effect in December 2007.

Today's order and related documents are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). the case number is 2012-00072.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

**-30-**

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